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South Africa, Republic of

Citrus

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2004

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Report Highlights:

The country is currently experiencing some dry weather in the northern region, around Mpumalanga. The weather is expected to produce a bigger-sized citrus fruit of good quality. Total 2004 production is expected around 1.7 million MT. Farmers expect lower profits this year due to a stronger Rand. Exports are expected at about 1.08 million MT, a slight improvement from last year because of poor harvests in major fruit growing countries.

Includes PSD Changes: Yes
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Executive Summary

South Africa's citrus production for 2004 is expected to be 4% lower than last year because of drought in the northern citrus-producing region, around Mpumalanga. Farmers also expect lower profits this year due to the stronger Rand.

2004 expectations are that more citrus fruit will be exported as stimulated by some drought in major citrus growing countries. Exports are expected slightly above last year total, forecast at about 1.080 million MT.

The industry's challenges for 2004 are to continue to gain consumer confidence both locally and internationally, to adhere and improve on food safety measures, traceability and good agricultural practices. On trade, the industry plans to increase trade to Russia, and to penetrate India and China this year.

AGOA, initiated four years ago to allow for a duty-free access to the U.S., is of great benefit to South African citrus producers. In 2003, export of oranges to the U.S. totaled about \$12.4 million, a 23% increase from 2002. Before AGOA, South African oranges had a 2.2 – 3.5 cents per kg tariff under the U.S. WTO agreement.

Production

The South African citrus industry is at the beginning of its 2004 marketing season that lasts from March - November for lemons, May - November for oranges, and April - August for grapefruit. The country is currently experiencing some dry weather in the Northern region, around the Mpumalanga area, that is expected to produce a bigger-sized fruit of good quality, though lower in quantity. Total production is expected slightly lower than last year, at around 1.711 million MT. Prospects for the season are for lower farmer profits resulting from the strengthening of the Rand.

A bumper lemon crop was produced in 2003, though farmers blamed the strong Rand for reduced profits. Plantings for Mandarins grew, and the fruit is mainly sold in local markets because of sensitivity in handling.

Mpumalanga, located in the Northern region, is South Africa's major grapefruit producing area (40%). Since late 2003, there had been speculations on drought that was expected to reduce reservoirs by around 30%. Over the past three years, there has been a reduction of grapefruit orchards because of the sugar project around Mpumalanga area, as well as uprooting of old trees to plant new varieties that are demanded in the Japanese market.

Production figures are illustrated in the table below per citrus commodity:

Production Subcategory

South Africa, Republic of Fresh Oranges							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	39751	39751	39868	39868	40000	40000	(HECTARES)
Area Harvested	30000	30000	30100	30019	30200	30040	(HECTARES)
Bearing Trees	12900	12900	12940	12908	12980	12920	(1000 TREES)
Non-Bearing Trees	4192	4192	3400	4235	3360	4280	(1000 TREES)
TOTAL No. Of Trees	17092	17092	16340	17143	16340	17200	(1000 TREES)
Production	1263	1263	1266	1265	1270	1260	(1000 MT)
Imports	1	6	1	7	1	7	(1000 MT)
TOTAL SUPPLY	1264	1269	1267	1272	1271	1267	(1000 MT)
Exports	751	732	757	752	760	760	(1000 MT)
Fresh Dom. Consumption	239	224	273	277	280	280	(1000 MT)
Processing	274	313	237	243	231	227	(1000 MT)
TOTAL DISTRIBUTION	1264	1269	1267	1272	1271	1267	(1000 MT)

South Africa, Republic of 65 Degrees Brix Juice, Orange							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/Y YYY
Deliv. To Processors	274000	329000	237000	351000	231000	351000	(MT)
Beginning Stocks	4949	4949	4899	2031	2609	3208	(MT)
Production	27400	23030	23700	24570	23100	24570	(MT)
Imports	110	63	110	195	110	200	(MT)
TOTAL SUPPLY	32459	28042	28709	26796	25819	27978	(MT)
Exports	12960	16911	13000	11588	12000	11500	(MT)
Domestic Consumption	14600	9100	13100	12000	12600	13000	(MT)
Ending Stocks	4899	2031	2609	3208	1219	3478	(MT)
TOTAL DISTRIBUTION	32459	28042	28709	26796	25819	27978	(MT)

South Africa, Republic of Fresh Lemons							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	4700	3552	5238	5238	5250	5250	(HECTARES)
Area Harvested	2820	2542	3000	3000	3100	3100	(HECTARES)
Bearing Trees	1410	1270	1500	1586	1550	1900	(1000 TREES)
Non-Bearing Trees	500	500	1000	914	1075	725	(1000 TREES)
TOTAL No. Of Trees	1910	1770	2500	2500	2625	2625	(1000 TREES)
Production	170	169	189	211	190	250	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	170	169	189	211	190	250	(1000 MT)
Exports	85	80	90	131	90	150	(1000 MT)
Fresh Dom. Consumption	8	16	17	17	10	20	(1000 MT)
Processing	77	73	82	63	90	80	(1000 MT)
TOTAL DISTRIBUTION	170	169	189	211	190	250	(1000 MT)

South Africa, Republic of Fresh Grapefruit							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	5700	5700	5350	5350	5000	5000	(HECTARES)
Area Harvested	5500	5554	5100	3876	4800	3470	(HECTARES)
Bearing Trees	2200	2233	2040	1558	1920	1390	(1000 TREES)
Non-Bearing Trees	90	57	100	592	80	620	(1000 TREES)
TOTAL No. Of Trees	2290	2290	2140	2150	2000	2010	(1000 TREES)
Production	380	384	280	268	270	240	(1000 MT)
Imports	1	2	1	3	1	3	(1000 MT)
TOTAL SUPPLY	381	386	281	271	271	243	(1000 MT)
Exports	197	169	170	186	170	170	(1000 MT)
Fresh Dom. Consumption	6	12	6	10	6	10	(1000 MT)
Processing	178	205	105	75	95	63	(1000 MT)
TOTAL DISTRIBUTION	381	386	281	271	271	243	(1000 MT)

Consumption

South Africa's 2004 domestic consumption of citrus is expected to grow about 6,000 MT more than in 2003. Increases in lemon production have led some beverage manufacturers to increase their use of lemons. Local prices are also competitive.

Consumption Subcategory

See the tables above for figures.

Trade

(\$1 U.S. = R6.91, at May 12, 2004)

In 2003, total citrus exports reached about R2.7 billion. Oranges take the largest share of South African citrus exports. Valencia exports grew by 38% to amount to 720,000 MT. Grapefruit and lemon exports increased substantially because of both international demand and high production, while it decreased for soft citrus mainly due to difficult handling. South Africa's lemon exports are increasing significantly because of expanding area of bearing trees. There is also a niche market for essential lemon oils to major local beverage producers.

Japan is definitely becoming South Africa's growth market, some retailers in Japan are said to have stocked South African citrus for the first time. The start of South Africa's marketing season for grapefruit coincides with Japan's peak influx of citrus, mainly from California. At this period, South African exports are reduced. However, the industry is confident of quality, and expects good prices in 2004. In 2003, South Africa exported about 35% of total grapefruit exports to Japan.

Iran, Eastern Europe and Russia are also expanding emerging markets for South African citrus. In 2003, Russia absorbed about 10% of the total citrus exports during the second half of South Africa's production season. Shipment to Russia is practical because of a direct linkage from the South African ports to St. Petersburg harbor. Since last year, import duties have also decreased by about 25% following an agreement by Russia to include South Africa in its harmonized tariffs for third world countries. South Africa - Russia trade ties, though revived in 2002, were ended in 1997 when the latter's economy declined, abruptly terminating 7.5% of South Africa's annual citrus imports.

South Africa's 2004 exports to the U.S. are expected to be the same as last year amounting to about 27,000 MT. 2003 was regarded as a good year for total citrus exports to the U.S., with exports increasing about 54%. Percentage citrus fruit rejected under the SA-US special export program lead by APHIS was also reduced by 63% from 2002. The National Department of Agriculture indicated to APHIS that no exports are expected from the Northern Cape's 400Ha of citrus orchards around Wellington and Hartswater this year because of damage caused by frost in these magisterial districts. Since June 2003, APHIS certified the area as a blackspot free region and allowed it to benefit in the U.S. special export program. Currently, South Africa's citrus exports to the U.S. are from the Western Cape because of its blackspot-free status. The areas benefiting are Bredadorp, Clanwilliam, Caledon, Heidelberg, Hermanus, Ladysmith, Montagu, Paarl, Piketberg, Robertson, Somerset West, Stellenbosch, Swellendam, Strand, Wellington, and Worcester.

Trade Subcategory

South Africa, Republic of Fresh Oranges			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
U.S.	17,152	U.S.	25,670
Others		Others	
Netherlands	96,252	Netherlands	100,806
U.K.	90,003	Russia	97,362
Russia	71,837	U.K.	68,502
Saudi Arabia	49,615	Saudi Arabia	57,529
Mozambique	46,512	Mozambique	55,645
Belgium	41,627	Spain	38,630
Spain	34,317	U.Emirates	37,675
U.Emirates	30,509	Hong Kong	37,050
Italy	26,610	Belgium	35,811
Canada	25,897	Italy	26,830
Total for Others	513179		555840
Others not Listed	201,539		170,660
Grand Total	731870		752170

Source: WTA

South Africa, Republic of Fresh Lemons			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
U.S.	383	U.S.	1,101
Others		Others	
Saudi Arabia	16,968	Saudi Arabia	19,023
U. Emirates	11,986	Belgium	17,175
U.K.	9,245	U.K.	15,769
Hong Kong	7,766	U.Emirates	14,780
Belgium	6,216	Japan	11,578
Netherlands	5,079	Hong Kong	9,769
Ukraine	4,293	Russia	9,213
Italy	4,107	Italy	7,306
Germany	1,705	Netherlands	5,892
Russia	1,580	Spain	4,320
Total for Others	68945		114825
Others not Listed	10,619		15,305
Grand Total	79947		131231

Source: WTA

South Africa, Republic of Fresh Grapefruit			
Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
U.S.	173	U.S.	416
Others		Others	
Japan	39,202	Japan	64,896
Netherlands	34,282	Netherlands	37,961
U.K.	26,221	U.K.	19,023
Mozambique	17,436	Italy	14,704
Belgium	9,767	Mozambique	11,624
Italy	8,915	Belgium	6,857
Spain	5,068	Spain	3,953
Canada	4,889	Canada	3,711
Germany	4,520	Russia	3,628
France	4,265	France	3,545
Total for Others	154565		169902
Others not Listed	14,104		15,385
Grand Total	168842		185703

Source: WTA

IMPORTS

In 2004, South Africa is expected to import about the same amount of citrus fruit as last year at 10,000 MT, mainly oranges (70%) and grapefruit (30%). Lemon imports are expected to be as insignificant as last year because of increasing domestic production caused by expanded area.

In 2003, imported citrus was sourced mainly from Zimbabwe (87%), followed by Israel (6%), Canada (3%), Spain (3%) and Swaziland (1%).

The import tables are indicated below:

South Africa, Republic of Fresh Oranges			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
U.S.		U.S.	0
Others		Others	
Zimbabwe	5,565	Zimbabwe	5,770
Israel	93	Spain	260
Spain	65	Canada	189
		Israel	132
		Swaziland	95
Total for Others	5723		6446
Others not Listed	0		1
Grand Total	5723		6447

Source: WTA

South Africa, Republic of Fresh Lemons			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Zimbabwe	61	Zimbabwe	36
Total for Others	61		36
Others not Listed	0		0
Grand Total	61		36

Source: WTA

South Africa, Republic of Fresh Grapefruit			
Time Period	Jan-Dec	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Zimbabwe	1,399	Zimbabwe	1,985
Israel	275	Israel	441
Spain	33	Canada	45
		Spain	44
Total for Others	1707		2515
Others not Listed	10		0
Grand Total	1717		2515

Source: WTA

Stocks

No stocks for citrus

Stocks Subcategory

No stocks for citrus

Policy

No change in policy.

Policy Subcategory

No change in policy.

Marketing

The table below indicates the marketing season for citrus by variety:

South Africa's citrus marketing calendar							
ORANGES		SOFT CITRUS		GRAPEFRUIT		LEMONS	
Proteas	May, 01 – August 07	Satsumas	March 15 – July 31	Marsh	April 01 – Sept 30	Eureka	March 01 – Nov 30
Tomangoes	May, 01 – August 07	Clementines	May 01 – August 31	Rose	April 01 – Sept 30		
Shamoutis	May 15 – Sept 15	Novas	May 01 – August 31	Star	April 15 – August 31		
Navels	May 15 – Sept 15	Minneolas	May 15 – Sept 15	Ray Ruby	April 15 – August 31		
Navelates	June 15 – Sept 15	Tamboirs	May 15 – Sept 15				
Late Navels	July 01 – August 31	Temples	April 15 – Sept 07				
Valencias	July 01 – Nov 30						
Midnights	August 01 – Nov 15						
Delta Seedless	July 01 – Nov 15						

The Western Cape farmers, exporters and stakeholders formed the U.S. Alliance to coordinate and monitors shipment and quality standards. The forum meets weekly to discuss all aspects of marketing. About 85% of growers joined the organization and are working together to optimize sales to the export markets.

The Rand continued to gain strength against the US dollar and peaked in strength on December 04, 2003 at R6.26. The industry considers it to have a negative impact on farmer revenues. In 2003, estimations for increases in costs of production were at around 23% for diesel, fertilizers and herbicides, about 14% for rail and by 18% for road transport.

One of South Africa's leading citrus exporters reportedly took market share in Japan for grapefruit from California and Florida in 2003. Expectations are to maintain this share for 2004, and exporters are optimistic because of impact of likely drought in major citrus producing competing countries.

Since 1997, after the implementation of the Agricultural Product Marketing Act of 1996, there were many South African export companies expanding within the markets. To date, there is a stiff competition between both the domestic and international companies. Most of these companies either have own farmers, or source their products from contracting local farmers. Some of the international businesses include companies such as Delmonte, Sunkist, Dole, and Katope.

Marketing Subcategory

The industry is researching export opportunities to China, and will start to export citrus to Thailand, lemons to South Korea and Clementines into Japan in 2004.